



# GOVERNMENT OF THE DISTRICT OF COLUMBIA

## Child and Family Services Agency



Testimony of

**Brenda Donald Walker, Director**

**D.C. Child and Family Services Agency**

District Council Public Oversight Hearing: Access to Contingency Fund

February 3, 2005

---

Good afternoon. I am Brenda Donald Walker, director of the Child and Family Services Agency (CFSA). Thank you for the opportunity to testify concerning this Agency's need to access \$17.9 million in the Pay-As-You-Go Contingency Fund. These funds are needed to ensure the Agency meets the needs of the District's children and families and to meet the LaShawn court ordered mandates.

### **Out of Home Care/Community-Based Services (\$5 million)**

*The contingency fund includes \$5 million for out-of-home care and community-based services.* CFSA has approximately 2,700 children in foster care and almost 2,300 in adoptive and guardianship homes. Almost all of the placements in permanent adoptive and guardianship homes are subsidized. Both foster home placements and permanent homes are part of the Agency's overall placement costs.

The number of children placed in permanent homes increased significantly from FY03 to FY04 and is projected to increase at an even faster rate in FY05, with an estimated 855 more children being placed in permanent subsidized homes. As a result of our success in moving children into permanent homes, the number of children in foster care placements is continuing to decline.

The increasing number of children in *subsidized* permanent homes and the decrease in the number of *foster care* children is producing a change in our placement mix. However, our *overall costs* for children in foster care have increased. Our placement rates will increase substantially for FY05 as the congregate care agencies will be under new contracts with higher rates for the entire year, and the family-based care agencies will be under new contracts for much of the year.

The new contract rates are higher for three reasons: (1) the cost of new licensing standards, (2) many of the agencies have been operating under contracts negotiated during the Receivership with no cost of living and labor rate increases, and (3) our court order requires that the foster care board rates be adjusted annually. We also anticipate that our success in getting children adopted or placed into guardianship will leave a harder-to-serve and more expensive foster care population. In fact, this is happening across the country, particularly in urban child welfare systems, as foster care populations have decreased.

The consequence of not receiving the \$5 million will result in severe pressure on CFSA's ability to provide services to children. There is no way to appreciably reduce our out-of-home costs during FY05, although CFSA continues to implement management reforms (i.e., procurement reform, contract monitoring, resource development, etc.) that are expected to moderate the costs for these high-end services over the longer-run. Still, for FY05, the effect will fall on the remainder of the Object 50 budget, which funds necessary services for our children including medical services not covered by Medicaid, tutoring, mentoring and a variety of other services, many of them court ordered.

**Title IV-E Program (\$6 million)**

*The contingency fund also includes \$6 million if the federal government has not enacted legislation changing the Title IV-E reimbursement rate (from 50% to 70%).*

That change has not yet occurred and is not expected to occur for FY05. Specifically, unlike every other jurisdiction, the District's Title IV-E reimbursement rate is not the same as its Medicaid reimbursement rate, and a change in federal law (Title IV of the Social Security Act) is required to effect such a change. Prior discussions with the federal government have not yet yielded the hoped for results, but we are hopeful that we will be successful in erasing this inequity.

**Medicaid Related Revenue (\$3 million)**

*The contingency fund provides for \$3 million if improvements in the cost-reimbursement process have been made, and Medicaid revenue projections indicate that the funds are necessary for programs and services.* As you know, Medicaid is

reimbursable revenue matched to local funds. It is necessary to spend money on the front end to provide the services eligible for reimbursement.

CFSA continues to make improvements relating to Medicaid revenues, but the money is still needed. For example, CFSA has reduced the backlog of cost reports for Targeted Case Management and the Rehabilitation Option, has completed a redesign of the Medicaid billing process, and has improved the eligibility process for third party billing. These improvements have been factored into the latest Medicaid revenue estimates.

**Family-Based Therapeutic Foster Care Services (\$1.9 million)**

*The Council also included in the contingency fund \$1.9 million for family based foster care services, so long as contracts related to foster care services were competitively bid.*

As we have documented previously and briefed you publicly, both the family based and congregate care foster care contracts were competitively bid through a request for proposal (RFP) process that culminated in contracts with multiple providers.

The RFP for family-based foster care was announced in December 2003. We received 48 proposals in response to the RFP, 25 of which were for traditional family-based foster care services and 23 for specialized or therapeutic family-based foster care services. The selection process was conducted in accordance with procurement laws, and we believe we have met the requirements for access to the contingency fund.

### **Early Intervention (\$2 million)**

*The contingency fund also provides up to \$2 million for the early intervention*

*program.* In the District's FY05 appropriations, Congress did make available \$2 million for the early intervention initiative. However, Congress also specifically stated that that funds were in addition to, and not a substitute for, local dollars. Congress stated "[f]ederal funds shall supplement and not supplant local funds" for the purposes of foster care improvements. In other words, Congress wanted additional funding in order to improve the pace and effectiveness of foster care improvements. We are concerned that if these local dollars are not made available, the District will lose *some or all* of the extra federal dollars, which will stymie critical reforms needed for children and families.

The additional funds will allow us to expand the use of family team meetings, a best practices approach used when children are removed or make placement changes. The additional \$2 million in local funds will be used to enhance substance abuse and treatment services, housing assistance, home visitation for at-risk babies, training and evaluation. Approximately \$1.8 million, almost half of the \$4 million total, is in critical one-time costs, including training and evaluation. We anticipate results similar to other jurisdictions using FTMs – that is fewer children being placed in foster care and fewer disruptions for those children who are placed in care.

I hope I have illustrated how critical access to the \$17.9 million in contingency funds is for CFSA to meet its mission and continue moving toward independence from court oversight. I am happy to answer any questions you may have.